

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

WS-04245A	<div>RECEIVED MAY 15 2007 AZ CORP COMM Director Utilities</div>
Red Rock Utilities, LLC (Sewer)	
PO Box 70108	
Tucson, AZ 85737	

ANNUAL REPORT

FOR YEAR ENDING

12	31	2006
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FOR COMMISSION USE

ANN05	06
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S-1607

COMPANY INFORMATION

Company Name (Business Name)		<u>Red Rock Utilities, LLC</u>	
Mailing Address		<u>2200 E. River Road, Suite 115</u>	
(Street)			
<u>Tucson</u>	<u>AZ</u>	<u>85718</u>	
(City)	(State)	(Zip)	
<u>(520) 577-0200</u>	<u>(520) 299-5602</u>	<u>(520) 602-5288</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address		<u>rwilliamson@redrockutilities.com</u>	
Local Office Mailing Address		<u>2200 E. River Road, Suite 115</u>	
<u>Tucson</u>		<u>AZ</u>	<u>85718</u>
(City)	(State)	(Zip)	
<u>(520) 682-9669</u>	<u>(520) 682-9669</u>	<u>(520) 429-8627</u>	
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address		<u>rwilliamson@redrockutilities.com</u>	

MANAGEMENT INFORMATION

Management Contact: <u>Richard Williamson</u>			
<u>2200 E. River Road, Suite 115</u>	<u>Tucson</u>	<u>AZ</u>	<u>85712</u>
(Street)	(City)	(State)	(Zip)
<u>(520) 545-0501</u>	<u>(520) 299-5602</u>	<u>(520) 437-5105</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address		<u>rwilliamson@redrockutilities.com</u>	
On Site Manager: <u>Dan Kale</u>			
(Name)			
<u>0</u>	<u>Tucson</u>	<u>AZ</u>	<u>85712</u>
(Street)	(City)	(State)	(Zip)
<u>(520) 682-9669</u>	<u>(520) 682-9696</u>	<u>(520) 429-8627</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address		<u>dkale@redrockutilities.com</u>	

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Kimberly Cady, L and R Service Co.

(Name)

One South Church Avenue, #700

Tucson

AZ

85701

(Street)

(City)

(State)

(Zip)

(520) 622-2090

(520) 622-3088

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Michael McNulty

(Name)

One South Church Avenue, #700

Tucson

AZ

85701

(Street)

(City)

(State)

(Zip)

(520) 629-4453

(520) 879-4732

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☒ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certified to provide service:

☐ APACHE

☐ GILA

☐ COCHISE

☐ COCONINO

☐ LA PAZ

☐ GRAHAM

☐ GREENLEE

☐ NAVAJO

☐ MARICOPA

☐ MOHAVE

☐ SANTA CRUZ

☐ PIMA

☒ PINAL

☐ STATEWIDE

☐ YAVAPAI

☐ YUMA

Company Name: Red Rock Utilities, LLC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
351	Organization Cost	96,231		96,231
352	Franchise Cost	122,511		122,511
353	Land and Land Rights	3,163		3,163
354	Structures and Improvements	4,227,784		4,227,784
355	Power Generation Equipment	39,100		39,100
360	Collection Sewers - Force			-
361	Collection Sewers - Gravity			-
362	Special Collecting Structures	66,167		66,167
363	Services to Customers			-
364	Flow Measuring Devices			-
365	Flow Measuring Installations			-
370	Receiving Wells			-
380	Treatment and Disposal Equipment			-
381	Plant Sewers	50,625		50,625
0382	Outfall Sewer Lines			-
389	Other Plant and Misc. Equipment	14,461		14,461
390	Office Furniture and Equipment	2,929	73	2,856
391	Transportation Equipment			
393	Tools, Shop and Garge Equipment			
394	Laboratory Equipment			
395	Power Operated Equipment			
398	Other Tangible Plant			
	TOTALS	4,622,971	73	4,622,898

This amount goes to the Balance Sheet Acct. No. 108

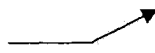


NOTE: Utility Plant is not in service as of December 31, 2006

Company Name: Red Rock Utilities, LLC

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)*	Depreciation Expense (1x2)
351	Organization Cost	96,231		-
352	Franchise Cost	122,511		-
353	Land and Land Rights	3,163		-
354	Structures and Improvements	4,227,784		-
355	Power Generation Equipment	39,100		-
360	Collection Sewers - Force			-
361	Collection Sewers - Gravity			-
362	Special Collecting Structures	66,167		-
363	Services to Customers			-
364	Flow Measuring Devices	-		-
365	Flow Measuring Installations			-
370	Receiving Wells			-
380	Treatment and Disposal Equipment	-		-
381	Plant Sewers	50,625		-
382	Outfall Sewer Lines			-
389	Other Plant and Misc. Equipment	14,461		-
390	Office Furniture and Equipment	2,929	5.00%	73
391	Transportation Equipment			-
393	Tools, Shop and Garge Equipment			-
394	Laboratory Equipment			-
395	Power Operated Equipment			-
398	Other Tangible Plant	-		-
	TOTALS	4,622,971		73

This amount goes on Comparative Statement of Income and Expense Acct No. 403. 

* 1/2 year convention on depreciation (1/2 year depreciation on new assets, 1/2 year on retirements)

NOTE: Utility Plant is not in service as of December 31, 2006

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ -	\$ 688,698
132	Special Deposits		
135	Temporary Cash Investments	-	214,468
141	Customer Accounts Receivable	-	
146	Notes/Receivables from Associated Companies		
151	Plant Materials & Supplies		
162	Prepayments	-	
174	Miscellaneous Current and Accrued Assets	-	-
	TOTAL CURRENT AND ACCRUED ASSETS	\$ -	\$ 903,166
	FIXED ASSETS		
101	Utility Plant in Service	\$ -	\$ 2,929
103	Property Held for Future Use	-	
105	Construction Work in Progress	-	\$ 4,620,042
108	Accumulated Depreciation - Utility Plant		(73)
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ -	\$ 4,622,898
	TOTAL ASSETS	\$ -	\$ 5,526,064

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ -	\$ 178,703
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	-	
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ -	\$ 178,703
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds		
	DEFERRED CREDITS		
252	Advances in Aid of Construction	\$ -	\$ 25,000
253	Other Differed Credits		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Taxes		
	TOTAL DEFERRED CREDITS	\$ -	\$ 25,000
	TOTAL LIABILITIES	\$ -	\$ 203,703
	CAPITAL ACCOUNTS		
201	Common Stock Issued		
211	Other Paid in Capital		
215	Retained Earnings		
218	Proprietary Capital (Sole Props. And Partnerships)	-	5,322,361
	TOTAL CAPITAL	\$ -	\$ 5,322,361
	TOTAL LIABILITIES AND CAPITAL	\$ -	\$ 5,526,064

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
521	Flat Rate Revenues		
522	Measured Revenues		
536	Other Wasterwater Revenues	-	
	TOTAL REVENUES	\$ -	\$ -
	OPERATING EXPENSES		
701	Salaries and Wages	\$ -	\$ 30,205
710	Purchased Wastewater		
711	Sludge Removal Expense		
715	Purchased Power	-	
716	Fuel for Power Production		
718	Chemicals		
720	Materials and Supplies	-	
721	Office Supplies and Expenses		2,131
731	Contractual Services - Professional		29,720
735	Contractual Services - Testing		
736	Contractual Services - Other		
740	Rents		
750	Transportation Expense		
755	Insurance Expense	-	18,176
765	Regulatory Commission Expense		
775	Miscellaneous Expense		6,963
403	Depreciation Expense		73
408	Taxes Other Than Income		
408.11	Property Taxes		
409	Income Taxes	-	
	TOTAL OPERATING EXPENSES	\$ -	\$ 87,268
	OPERATING INCOME (LOSS)	\$ -	\$ (87,268)
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income		\$ 28,443
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	0	
	TOTAL OTHER INCOME (EXPENSE)	\$ -	\$ 28,443
	NET INCOME (LOSS)	\$ -	\$ (58,825)

NOTE: Consolidated Utility and Waste Water Statement of Income and Expense

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

COMPANY NAME Red Rock Utilities, LLC

WASTEWATER COMPANY PLANT DESCRIPTION

TREATMENT FACILITY

TYPE OF TREATMENT (Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.)	N/A
DESIGN CAPACITY OF PLANT (Gallons Per Day)	

LIFT STATION FACILITIES

Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)
N/A	N/A	N/A	N/A	N/A

FORCE MAINS

Size	Material	Length (Feet)
4-inch	None	N/A
6-inch	None	N/A

MANHOLES

Type	Quantity
Standard	None
Drop	None

CLEANOUTS

Quantity
N/A
N/A

WASTEWATER COMPANY PLANT DESCRIPTION (CONTINUED)**COLLECTION MAINS**

Size (in inches)	Material	Length (in feet)
4	N/A	N/A
6	N/A	N/A
8	N/A	N/A
10	N/A	N/A
12	N/A	N/A
15	N/A	N/A
18	N/A	N/A
21	N/A	N/A
24	N/A	N/A
30	N/A	N/A

SERVICES

Size (in inches)	Material	Quantity
4	N/A	N/A
6	N/A	N/A
8	N/A	N/A
12	N/A	N/A
15	N/A	N/A

FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY

SOLIDS PROCESSING AND HANDLING FACILITIES	Information Available in 2007 Annual Report – Facilities Are Not Installed as of 12/31/2006
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.)	Information Available in 2007 Annual Report – Facilities Are Not Installed as of 12/31/2006
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	Information Available in 2007 Annual Report – Facilities Are Not Installed as of 12/31/2006
STRUCTURES (Buildings, Fences, Etc.)	Information Available in 2007 Annual Report – Facilities Are Not Installed as of 12/31/2006
OTHER (Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.)	Information Available in 2007 Annual Report – Facilities Are Not Installed as of 12/31/2006

COMPANY NAME Red Rock Utilities, LLC

WASTEWATER FLOWS

MONTH/YEAR (Most Recent 12 Months)	NUMBER OF SERVICES	TOTAL MONTHLY SEWAGE FLOW	SEWAGE FLOW ON PEAK DAY
N/A for 2006 – Under	N/A	N/A	N/A
Construction	N/A	N/A	N/A

PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE

Method of Effluent Disposal (leach field, surface water discharge, reuse, injection wells, groundwater recharge, evaporation ponds, etc.)	Surface Water Discharge
Wastewater Inventory Number (all wastewater systems are assigned an inventory number)	No Inventory # as yet assigned for 2006
Groundwater Permit Number	N/A
ADEQ Aquifer Protection Permit Number	#105621, LTF #36087
ADEQ Reuse Permit Number	TBD – Application in process
EPA NPDES Permit Number	#AZ0025143

STATISTICAL INFORMATION

Total number of customers N/A

Total number of gallons treated N/A gallons

COMPANY NAME Red Rock Utilities, LLC

YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>0</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>0</u>
Estimated or Actual State Tax Liability	<u>0</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

5-14-07Vice President, Diamond Ventures, Inc.MARK WEINBERGITS MANAGER

PRINTED NAME

TITLE

COMPANY NAME Red Rock Utilities, LLC YEAR ENDING 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 0

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____
Red Rock Utilities did not yet hold title to the facility property in 2006.

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

RECEIVED

MAY 15 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
Pinal County
NAME (OWNER OR OFFICIAL) TITLE
Diamond Ventures, Inc., an Arizona Corporation, Manager, by its Vice President, Mark Weinberg
COMPANY NAME
Red Rock Utilities, LLC

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

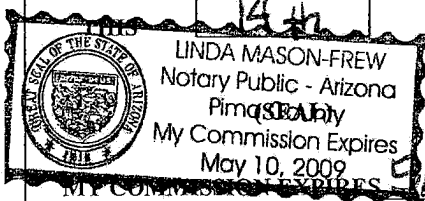
520-577-0200

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

COUNTY NAME	PIMA	
MONTH	MAY	2007

DAY OF



Linda Mason-Frew

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

MAY 15 2007

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)

Pinal County

NAME (OWNER OR OFFICIAL) TITLE

Diamond Ventures, Inc., an Arizona Corporation, Manager,
by its Vice President, Mark Weinberg

COMPANY NAME

Red Rock Utilities, LLC

**AZ CORP COMM
Director Utilities**

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH

12

DAY

31

YEAR

2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 0

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ _____
IN SALES TAXES BILLED, OR COLLECTED)**

****REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 14th **DAY OF**



LINDA MASON-FREW

Notary Public - Arizona

My Commission Expires

May 10, 2009

SIGNATURE OF OWNER OR OFFICIAL
(520) 577-0200

TELEPHONE NUMBER

COUNTY NAME

PIMA

MONTH

MAY

, 2007

Linda Mason-Frew

SIGNATURE OF NOTARY PUBLIC

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

RECEIVED

MAY 15 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	
Pinal County	
NAME (OWNER OR OFFICIAL) TITLE	TITLE
Diamond Ventures, Inc., an Arizona Corporation, Manager	by its Vice President, Mark Weinberg
COMPANY NAME	
Red Rock Utilities, LLC	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS,
PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED
THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT
STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD
COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING
SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-
401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS
OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE
UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING
CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 0

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

X

SIGNATURE OF OWNER OR OFFICIAL

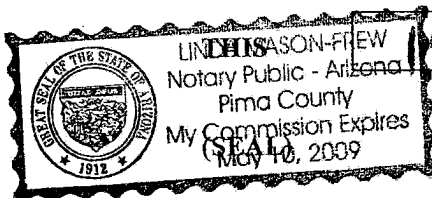
520-577-0200

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

NOTARY PUBLIC NAME	LINDA MASON-FREW
COUNTY NAME	PIMA
MONTH	MAY
YEAR	2007



DAY OF

MY COMMISSION EXPIRES 5/10/09

X Linda Mason-Frew

SIGNATURE OF NOTARY PUBLIC

RED ROCK UTILITIES, LLC
(WASTEWATER OPERATIONS)
YEAR ENDED DECEMBER 31, 2006

RED ROCK UTILITIES, LLC
(WASTEWATER OPERATIONS)
YEAR ENDED DECEMBER 31, 2006

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BEACH, FLEISCHMAN & CO., P.C.

Certified Public Accountants/Financial & Business Advisors

Bruce D. Beach, CPA
Peter F. Beahan, CPA, ABV
Richard A. Bratt, CPA
David J. Cohen, CPA
Jo DeChatelet, CPA, CFP®
Kevin J. Donovan, CPA, EA, MSPA
Marc D. Fleischman, CPA, ABV

Robert G. Harbour, CPA, CVA
George Henderson, CPA
David M. Iaconis, CPA
Jimmy J. Lovelace, CPA
Karen K. McCloskey, CPA, MST
Cynthia A. Schroeder, CPA

Members

Red Rock Utilities, LLC
Tucson, Arizona

We have compiled the balance sheet of Red Rock Utilities, LLC - (wastewater operations) as of December 31, 2006, and the related statement of operations for the year then ended and accompanying information on pages 4 through 9, 13, and 15 through 17 of the annual Arizona Corporation Commission reports, included in the accompanying form prescribed by the Arizona Corporation Commission, Utilities Division, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form prescribed by the Arizona Corporation Commission, Utilities Division, information that is the representation of management. We have not audited or reviewed the accompanying financial statements referred to above and, accordingly, we do not express an opinion or any other form of assurance on them.

The financial statements are presented in accordance with the requirements of the Arizona Corporation Commission, Utilities Division, which differ from U.S. generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Beach, Fleischman & Co., P.C.

April 4, 2007

**RED ROCK UTILITIES, LLC
(WASTEWATER OPERATIONS)**

BALANCE SHEET

**DECEMBER 31, 2006
(See Accountants' Compilation Report)**

Docket No. W-02160A

ASSETS

Total property and equipment, net	<u>\$ 4,622,898</u>
Current assets:	
Cash and cash equivalents	688,698
Certificate of deposits	<u>214,468</u>
Total current assets	<u>903,166</u>
	<u><u>\$ 5,526,064</u></u>

CAPITALIZATION AND LIABILITIES

Capitalization:	
Capital accounts	\$ 5,322,361
Deferred credit:	
Advances in aid of construction	25,000
Current liabilities	<u>178,703</u>
	<u><u>\$ 5,526,064</u></u>

RED ROCK UTILITIES, LLC
(WASTEWATER OPERATIONS)
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2006
(See Accountants' Compilation Report)

Docket No. W-02160A

Operating revenues	\$ 0
Operating expenses	<u>87,268</u>
Operating income (loss)	(87,268)
Total other income (expense)	<u>28,443</u>
Net income (loss)	<u><u>\$ (58,825)</u></u>